

Feb. 24, 2011

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### ***House Democratic Leader calls for a reality check on debt rhetoric***

Good morning. Thank you for tuning in. I'm Rep. Emily Cain of Orono the House Democratic leader.

This week we've heard a lot about state employee pensions, with the protests in Wisconsin taking center stage in the national media. I'd like to talk about our own pension situation and how it fits into our states broader conversation about debt.

The pension is not a new issue and lawmakers in Augusta have been working across the aisle to find responsible solutions to the challenges for years.

Unfortunately, this complicated topic has recently been unnecessarily turned into a political football. Republicans are misrepresenting the numbers, mischaracterizing the facts, and disregarding the impact inflammatory words have on the financial perception of our state.

Democrats know that Maine people expect us to find bipartisan solutions to this challenge. To do that we must put the facts first.

So let's talk about the debt.

Maine's general obligation bonds are bonds that taxpayers vote on, and are on the hook to pay back total \$500 million. Per capita, that is lower than the national average, and debt service to pay these bonds represents about 4 percent of state spending.

So what do we get for that money?

These bonds typically focus on creating jobs through construction projects like roads, bridges, and classrooms; on supporting business by investing in technology, and R&D; and on preserving Maine's natural resources through conservation.

For example, general obligation bond funds have repaved and rebuilt roads in every Maine county, have enabled research at Jackson Laboratory and the University of Maine, and supported companies like Bigelow Laboratory, Gulf of Maine Research Institute, Hodgdon Defense, Ocean Renewable Power Company, and FHC, Inc. You've even seen bond funds at work in your own communities, supporting land trusts and preservation of working farmland and waterfront.

Different from general obligation bonds are moral obligation bonds. This totals \$3.9 billion through agencies like the Finance Authority of Maine, the Maine Education Loan Authority, and the Municipal Bond Bank.

This money helps Maine students pay for college, increases access to affordable housing, and enables towns to make infrastructure improvements. These bonds are paid through specific revenue streams, like student loan payments, rent, and local funds. The bottom line is that they are repaid by the agencies that issue them, not the general taxpayer.

The important thing to remember is that all debt is not created equally. Separate from general obligation and moral obligation debt is the pension liability that you've been hearing about in the news related to public employees, including teachers. It is not money that has been borrowed, and it should be treated separately.

To treat pension liability and bonding the same is like comparing apples and oranges. When we bond, we are planning to make responsible investments and create jobs. Paying pension liability is honoring the contract with our long-term public servants, who are paying their fair share.

A more responsible way to approach this challenge is to continue to make investments in our state, and continue to make payments and budget accordingly to pay what is owed. Hying up the numbers and combining things that are not related doesn't help anything.

With revenue projections increasing we are already seeing some of the gap close on the payment. A taskforce to evaluate, analyze and develop solutions to the problem has issued a report for the legislature to consider and action must be taken in thoughtful way with all of the stakeholders at the table.

Governing based on rhetoric and anecdotes is becoming a regular occurrence in Augusta. Unfortunately, taking bonding off the table, demonizing public servants and retirees, and mixing up numbers to make them sound scary won't solve our financial challenges; it only hurts morale and takes tools out of our financial tool box.

Thanks for listening. Have a great day!